

Message Text

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C O N F I D E N T I A L WARSAW 4404

E.O. 11652: GDS

TAGS: BEXP, PL

SUBJECT: WRZASZCZYK VISIT TO U.S.

REF: STATE 159907

1. SUMMARY: AT THE INVITATION OF MINISTER WRZASZCZYK, I MET WITH HIM JULY 9 TO DISCUSS THE RESULTS OF HIS RECENT U.S. VISIT. SOME OF WHAT HE SAID REPEATED INFORMATION CONTAINED IN REFTEL. SIGNIFICANT NEW INFORMATION IS REPORTED IN THIS MESSAGE. END SUMMARY.

2. WRZASZCZYK ATTRIBUTED RCA'S LEAD IN THE COLOR TV TUBE PROJECT TO BOTH TECHNICAL AND CREDIT CONSIDERATIONS. THE MINISTRY EXPECTS TO USE POLAND'S \$150 MILLION JAPANESE CREDIT LINE TO PURCHASE BEARING PLANTS (FOR WHICH U.S. FIRMS ARE ALSO IN COMPETITION) AND THEREFORE FAVORS EX-IM FINANCING FOR THE TV TUBE PROJECT. WRZASZCZYK NOTED THAT SOME DIFFICULTIES REMAIN IN DISPOSING OF EXCESS PRODUCTION FROM THE GLASS MILL AND SHADOW MASK MAKING PLANT, BUT HE SAID THE PROJECT ENJOYS SUPPORT AT THE HIGHEST LEVELS HERE, AND THAT FUNDS FOR IT ARE INCLUDED IN THE 1976-80 PLAN.

3. ACCORDING TO THE MINISTER, CREDIT ARRANGEMENTS FOR THE
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GM PROJECT MUST PROVIDE FOR NO REPAYMENT OF THE PRINCIPAL

UNTIL THE PLANT IS IN OPERATION. A VERY LIMITED FUNDING ALLOCATION HAS BEEN WRITTEN INTO THE NEW FIVE YEAR PLAN, BUT NO PRINCIPAL PAYMENTS WILL BE POSSIBLE UNTIL THE END OF THE PLAN PERIOD (1980), OR THE BEGINNING OF PRODUCTION. WRZASZCZYK SAID HE MENTIONED THE GRACE-PERIOD REQUIREMENT TO GM AND EX-IM BANK OFFICIALS. GM SENIOR MANAGEMENT APPARENTLY HAS OFFERED ASSISTANCE IN ARRANGING THE TYPE OF PAYMENT SCHEDULE SOUGHT BY THE POLES. THE MINISTER SAID POLAND'S HIGHEST OFFICIALS HAVE APPROVED THE PROJECT IN PRINCIPLE.

4. WRZASZCZYK SEEMS HIGHLY SATISFIED WITH THE DEVELOPMENT OF COOPERATION WITH INTERNATIONAL HARVESTER. HE MENTIONED THREE NEW SUBJECTS DISCUSSED DURING HIS MEETINGS AT IH:

A. PRODUCTION OF PIPE-LAYING EQUIPMENT FOR LARGE DIAMETER PIPE;

B. COOPERATION IN PRODUCTION OF HEAVY, WHEELED VEHICLES (UP TO 1200 H.P.);

C. A JOINT PROJECT FOR THE MANUFACTURE IN POLAND OF HEAVY (600 H.P.) CRAWLER TRACTORS.

5. TALKS WITH NORTON ALSO SEEM TO HAVE GONE WELL. THE MINISTER SAID THE ABRASIVES PROJECT IS PROGRESSING SMOOTHLY, AND HE DISCUSSED WITH NORTON MANAGEMENT THE POSSIBILITY OF INCREASING THE FIRM'S SHARE OF POLISH ABRASIVES PURCHASES.

6. THE MINISTER SPOLKE ONLY BRIEFLY OF GOLF CARTS, COMMENTING THAT POLAND'S LOW COSTS WERE A STRAIGHT FORWARD RESULT OF THE MELEX PLANT'S LARGE CAPACITY, WHICH HE PLACED AT 20,000 UNITS PER YEAR. WRZASZCZYK BELIEVES POLAND ERRED IN NOT ENTERING THE INDUSTRIAL MARKET FOR THESE CARTS. AFTER SEEING THOUSANDS OF CARTS IN GM AND OTHER PLANTS, HE IS PERSUADED THAT POLISH MARKETING EFFORTS SHOULD BE BROADENED.

7 ACCORDING TO WRZASZCZYK, THE PACE OF POLISH INVESTMENT
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GROWTH WILL SLACKEN SOMEWHAT DURING THE NEXT FIVE YEARS. AS MORE ATTENTION IS FOCUSED ON DOMESTIC MARKET SUPPLIES. HOWEVER, HE SAID INVESTMENT IN HIS OWN MINISTRY WILL INCREASE 150 PERCENT FROM 1976 TO 1980.

8. ADDITIONAL DETAILS OF OUR CONVERSATION ARE BEING REPORTED IN A MEMORANDUM OF CONVERSATION.
DAVIES

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